



THE LENDER'S ADVANTAGE

A Joint Publication of the Des Moines District Office and the Cedar Rapids Branch Office

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INFORMATION

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*All SBA programs and
services are provided on
a nondiscriminatory basis.*

Have a Customer that Needs Help? Call and Talk to Us

Dear Lender –

We have fielded calls from lenders and business over the past number of weeks asking whether a lender can obtain an SBA 7(a) loan guarantee on existing business related debt a borrower may have. It's the kind of question for which there is no quick answer and the answer "depends", particularly if it happens to be same institution debt.

This is a time where if the lender and business owner have been proactive in the servicing of the non SBA debt we have greater flexibility and it can benefit you.

Let me use one of the recent situations as an example. This business has been in business several years, successful and with seasoned ownership and management. The recession this past year reduced its working capital. Its orders are up and now needs additional working capital. The loan has been current for 3+ years. The lender would like to lengthen the repayment term, and provide additional working capital but feels they need the SBA guarantee. The business has worked with the local SBDC to put together a business plan with reasonable assumptions and cash flow projections that support the proposed capital structure.

One critical element when refinancing same institution non SBA debt with an SBA guarantee is the loan is and must have been current for the past 36 months. Current means that a required payment has not remained unpaid for more than 29 days. *(Note: Pages 135 to 140 of SOP 50 10 5(B) discuss the parameters of debt refinance for 7(a) loans).*

Yes, this is something we can do and based upon the analysis of the capital needs would best serve the customer and the lender if structured as a term loan and a working capital line of credit in the form of a CAPLine.

We were able to get the "stars to align" because the business was proactive in managing its debt obligations and capital needs, sought and utilized technical assistance when needed and worked closely with its lending partner. The lender managed its relationship with its customer enabling it to have the flexibility to fully utilize our lending tools.

Speaking of our lending tools, if you didn't receive the notice sent earlier this month, Congress and the President have extended the SBA's Recovery Act Provisions – including the 90 percent guarantee and the waiving of borrower fees – through May 31st. You can find a little more on that on page three of this newsletter.

Also, SBA has recently started making some of our loan authorization wizards available in Microsoft Office Word 2007. They'll continue to be available in Word 2003, but in response to lender requests, we are now offering them in Word 2007. Information on how to obtain these new wizards can be found on page two.

Please feel free to contact our offices whenever you have questions. Whether it's about a specific item, or you just want to discuss how we might best assist your customer, we're here to help.

- Joseph M. Folsom, District Director

Wizards for ARC and 504 Now Available in Office 2007 AND Office 2003

504 AUTHORIZATION WIZARD

SBA has announced the re-release of the 2009.1 edition of the National 504 Loan Authorization (which is the Boilerplate and Wizard).

This 2009.1 edition of the Authorization was originally released on June 24, 2009, and was programmed so that it would function in Microsoft Office Word 2003.

The re-released 2009.1 edition of the Authorization has been programmed to function in Microsoft Office Word 2007. As a result, there will be two editions of the 2009.1 Authorization for 504 loans available to all users on the SBA website.

Since both editions will have the same 2009.1 identifier, SBA will add a notation at the web site where they can be accessed saying which edition is compatible with which version of Microsoft.

Please note that the Wizard created for Microsoft Word 2003 will not function properly in Microsoft Word 2007 (although it may open) and the Wizard created for Microsoft Word 2007 will not function properly in Microsoft Word 2003 (although it too may open).

As such, it is incumbent upon the user to download the correct edition.

The re-released 2009.1 edition created for Microsoft Word 2007 has the same terms, conditions, and processes as the 2009.1 edition created for Microsoft Word 2003. As such, the use of either edition is satisfactory to SBA.

The “*About the ‘504’ Wizard*” section in the Boilerplate in both editions now has a more thorough explanation of compatibility with the different versions.

The 2009.1 edition of the National 504 Loan Authorization created for Microsoft Word 2007 will be available at www.sba.gov beginning on the effective date of this Notice. Participants with Word 2007 capabilities can begin using the re-released 2009.1 edition immediately. The Authorization webpage address to find either edition of the National 504 Loan Authorization is:

http://www.sba.gov/aboutsba/sbaprograms/elending/authorizations/BANK_STAND_NAT_504_LOAN_AUTH.html

ARC LOAN WIZARD

SBA has also announced the re-release of the 2009 edition of the National ARC Loan Authorization (which is the

Boilerplate and Wizard). This 2009 edition of the Authorization was originally released on June 15, 2009.

Like the 504 Authorization, it will have two versions available. One for Microsoft Word 2003 and one for Microsoft Word 2007 and it will be incumbent upon the user to download the correct edition from the web site.

As with the 504 Authorization, The re-released 2009 edition of the ARC Authorization has the same terms, conditions, and processes the Microsoft Word 2003 version and as such, the use of either edition is satisfactory to SBA.

The “*About the ‘ARC’ Wizard*” section in the Boilerplate in both editions now has a more thorough explanation of compatibility with the different versions of Microsoft Office.

The 2009 edition of the National ARC Loan Authorization is now available at www.sba.gov. The Authorization webpage address to find either edition of the National ARC Loan Authorization is:

http://www.sba.gov/aboutsba/sbaprograms/elending/authorizations/BANK_AUTH_ARC_LOAN.html



Higher Guarantee and Waiver of Borrower Fees Extended to May 31st

President Barack Obama signed legislation on April 15th providing \$80 million in additional funding to continue important enhancements in the SBA's two key small business loan programs, including a higher guarantee on some SBA-backed loans and small business fee relief. The SBA estimates the \$80 million will support about \$2.8

billion in small business lending under the 7(a) and 504 programs.

Under the new extension SBA may continue to reduce loan fees in its 7(a) and 504 programs and to provide higher guarantee levels on 7(a) loans **through May 2010, or until the funds provided under the bill are exhausted.**

This extension has no effect on the continued availability of financing under other SBA Recovery Act programs, including SBA's America's Recovery Capital (ARC) loan program and the agency's Microloan program. Recovery Act funding still remains available for both of those programs.

SBA Lender Activity Report for MARCH

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
MIDWESTONE BANK	IOWA CITY	6	\$696,000	UNITED BANK OF IOWA	IDA GROVE	1	\$315,000
QUAD CITY BK & TR CO	BETTENDORF	4	\$1,238,000	GLENWOOD STATE BANK	GLENWOOD	1	\$250,000
CITIZENS STATE BANK	MONTICELLO	4	\$140,000	FARMERS STATE BANK	WATERLOO	1	\$240,000
SIOUXLAND ECON. DEV. CORP.	SIOUX CITY	3	\$1,764,000	FARMERS & MCHNTS SVGS BNK	WAUKON	1	\$225,000
FARMERS STATE BANK	MARION	3	\$394,000	THE STATE BANK	SPIRIT LAKE	1	\$220,000
FIRST AMERICAN BANK	CLIVE	3	\$350,000	COMMUNITY BANK	INDIANOLA	1	\$75,000
HERITAGE BANK	MARION	3	\$120,000	BLACK HAWK ECON. DEV.	WATERLOO	1	\$62,000
FIRST CENTRAL STATE BANK	DE WITT	2	\$1,405,000	FIRST NATIONAL BANK AMES	AMES	1	\$60,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	2	\$769,000	WELLS FARGO BANK	IOWA	1	\$52,500
WESTBANK	WDM	2	\$275,000	CENTRIS FCU	NEBRASKA	1	\$50,000
CLEAR LAKE BANK & TRUST CO.	CLEAR LAKE	2	\$190,000	NORTHWEST BANK	SPENCER	1	\$40,000
LIBERTY NATIONAL BANK	SIOUX CITY	2	\$142,000	THE STATE BANK OF TOLEDO	TOLEDO	1	\$40,000
HERITAGE BANK NA	HOLSTEIN	2	\$135,000	AMES COMMUNITY BANK	AMES	1	\$35,000
AMERICAN TRUST & SVGS BANK	DUBUQUE	2	\$70,000	CITIZENS STATE BANK	FORT DODGE	1	\$35,000
FIDELITY BANK & TRUST	DUBUQUE	2	\$65,000	COMMUNITY ST. BANK	ANKENY	1	\$35,000
U.S. BANK	IOWA	2	\$30,000	COMMUNITY STATE BANK	TIPTON	1	\$35,000
E.C.I.A. BUSINESS GROWTH, INC.	DUBUQUE	1	\$1,995,000	FARMERS SAVINGS BANK	COLESBURG	1	\$35,000
FIRST PREMIER BANK	SOUTH DAKOTA	1	\$1,370,000	FIRST STATE BANK	WEBSTER CITY	1	\$35,000
CRESKO BANK AND TRUST	CRESKO	1	\$1,200,000	HEARTLAND BANK	SOMERS	1	\$35,000
STATE BANK	SPENCER	1	\$1,195,000	KERNDT BROTHERS SVGS BANK	LANSING	1	\$35,000
FARMERS & MERCHANTS ST. BK	WINTERSET	1	\$765,000	NORTHWOODS STATE BANK	MASON CITY	1	\$35,000
LIBERTY TRUST & SAVINGS BANK	DURANT	1	\$675,000	PEOPLES SAVINGS BANK	WELLSBURG	1	\$35,000
CORRIDOR STATE BANK	CORALVILLE	1	\$560,000	NORTHWEST BANK & TRUST CO.	DAVENPORT	1	\$15,000
CEDAR RAPIDS BK & TR CO	CEDAR RAPIDS	1	\$525,000	SUPERIOR FINANCIAL GROUP, LLC	CALIFORNIA	1	\$10,000
LIBERTY BANK, FSB	WEST DES MOINES	1	\$350,000	WESTSIDE STATE BANK	WESTSIDE	1	\$272,700
BANK MIDWEST	SPIRIT LAKE	1	\$325,000	DUBUQUE BANK AND TRUST CO.	DUBUQUE	1	\$35,000
FIRST FCU	CEDAR RAPIDS	1	\$320,000				

The following lenders were participant lenders in the SBA's 504 Loan Program in Iowa during the month of March

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
COMMUNITY NATIONAL BANK	WATERLOO	2	\$2,551,938	U.S. BANK	ANKENY	1	\$696,000
CENTRAL BANK	STORM LAKE	2	\$320,750	MIDSTATES BANK	HARLAN	1	\$255,000
FIRST NATIONAL BANK	MUSCATINE	1	\$3,300,000				